

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 SAM-01 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 EB-04 CIEP-01 TRSE-00 STR-01

OMB-01 CEA-01 IGA-01 COME-00 SAJ-01 TAR-01 /072 R

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FM SECSTATE WASHDC

TO AMEMBASSY MADRID

INFO AMCONSUL BARCELONA

JUSMG/MAAG MADRID

AF16 TORREJON

COMNAVACTS ROTA

USCINCEUR

C O N F I D E N T I A L STATE 252824

E.O. 11652:GDS

TAGS: MARR, MILI, SP

SUBJECT: G-3 TARIFF

REF: MADRID 4809

MADRID 5831

MADRID 6476

JOINT DEFENSE-STATE MESSAGE

1. WE APPRECIATE EMBASSY'S CONCERN THAT US SHOULD RESPOND
TO SPANISH ON G-3 TARIFF BUT ARE NOT PREPARED TO GIVE IN
AND PAY, EVEN UNDER PROTEST. INSTEAD, WE WOULD PREFER
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TO CONTINUE DIALOGUE WITH OBJECT OF CONVINCING GOS OF

VALIDITY OF US POSITION, IF POSSIBLE, OR AT LEAST OF
AVOIDING PREJUDICE TO US POSITION UNTIL MATTER CAN BE
RESOLVED, PERHAPS AT LATER STAGE IN NEGOTIATIONS
ON AGREEMENT OF FRIENDSHIP AND COOPERATION.

2. GOS POSITION IS ESSENTIALLY THAT IT MAY UNILATERALLY
MODIFY BILATERAL AGREEMENT ON TAX RELIEF BY TECHNICAL
CHANGES IN DOMESTIC TAX LAW. WEAKNESS OF THIS POSITION
IS APPARENT, PARTICULARLY IN VIEW OF PARA 1A OF THE TAX
RELIEF ANNEX WHICH PROVIDES THAT RELIEF FROM TAXATION
INCLUDES RELIEF FROM CHARGES OF ANY NATURE OTHER THAN
REASONABLE COMPENSATION FOR SERVICES REQUESTED AND
RECEIVED. ACQUIESCENCE IN THE SPANISH POSITION ON THIS
MATTER WOULD SET UNFORTUNATE PRECEDENT UNDERMINING
TAX RELIEF AGREEMENTS WITH SPAIN AS WELL AS OTHER
COUNTRIES.

3. DEPT AND DOD CONSIDER THAT THE PAYMENT OF THE G-3
TARIFF UNDER PROTEST AS PROPOSED IN REFTELS WOULD
TEND TO UNDERMINE THE US POSITION ON THIS MATTER
AND WOULD DEPRIVE THE US OF ITS VALUE AS A POTENTIAL
BARGAINING ITEM IN CURRENT BASE NEGOTIATIONS. EMBASSY
SHOULD THEREFORE ENDEAVOR TO CONTINUE DISCUSSIONS
AND TO AVOID PAYMENT OF THE TARIFF. IF NECESSARY
TO AVOID INTERFERENCE WITH MOVEMENT OF U.S. CARGO
EMBASSY MAY SEEK INTERIM ARRANGEMENTS AT BARCELONA
SIMILAR TO THE INFORMAL UNDERSTANDING NOW IN EFFECT
IN CADIZ. SINCE SUCH AN ARRANGEMENT ALSO TENDS
TO WEAKEN OUR BARGAINING POSITION IN FUTURE NEGOTIATIONS ,
IT SHOULD BE SOUGHT ONLY AS LAST RESORT. ANY STEPS
TAKEN BY SPANISH AUTHORITIES TO ENFORCE COLLECTION
OF TARIFF SHOULD BE IMMEDIATELY REPORTED TO DEPARTMENT
TOGETHER WITH DRAFT OF PROTEST NOTE FOR DELIVERY
TO MPA AFTER WASHINGTON APPROVAL. KISSINGER

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